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SECURITY INFORMATION

CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

9 October 1952

STAFF MEMORANDUM NO. 277

SUBJECT: Study of the Location of Soviet Industry, the Soviet Transportation System, and the Soviet Stockpiling Program

1. NIE-60 owed its origin to a request from O/SI that an analysis be made of Soviet air defense capabilities, which O/SI believed were improving rapidly. At about the same time that this project was accepted, the State Policy Planning Staff asked for an estimate of Soviet civil defense capabilities. When the terms of reference for the study of Soviet air defense capabilities were being prepared, it became evident that the civil defense capability study was closely related. It also became clear that the Soviet stockpiling program and the movement of Soviet industry eastward were closely related to both the other issues. As a consequence, NIE-60 was broken into three separate but related parts: I. Soviet Air Defense Capabilities; II. Soviet Civil Defense Capabilities; and III. Soviet Program to Disperse Industry and Stockpile. The second of these has already been published; the first, after long discussion, appears to be approaching its final stages before acceptance and publication; the third has lagged badly, due primarily to the inadequacy of the contributions of the sole contributors, O/RR and G-2.

2. Both contributions to NIE-60 (Part III) failed to meet the problem squarely and to provide a sound foundation for analyzing the economic factors involved in an estimate of over-all Soviet defense capabilities. A major source of this failure lay in the definition of the problem by O/RR,^{1/} which posed the question

^{1/} The terms of reference for this paper were prepared by O/RR, not O/NE.

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whether economic or strategic considerations provided the fundamental reasons for the "dispersal"^{2/} of Soviet industry. We believe that the analysis should rather have concentrated upon a study of the geographic location of the chief Soviet industries within the main economic regions and upon the relative importance of those industries and industrial complexes in the whole national economy. The second principal reason for the inadequacy of the contributions was that they failed to use considerable amounts of material, classified and unclassified, which are available on this subject, and instead relied almost exclusively upon highly specialized fragments.

3. The Soviet stockpiling program and the location of Soviet industry (the degree of industrial concentration, of regional economic self-sufficiency, of regional interdependence, and of over-all economic vulnerability) are critical intelligence targets. The size of the stockpiles of material and food reserves was an important issue in NIE-64 (Part I), which could not be decided firmly on the basis of the data then available. The Soviet stockpiling program and the degree of concentration of both industry and population were discussed at the IAC representatives' meeting on NIE-60 (Part II), and that discussion was concluded only because it was assumed that those problems, both critical to civil defense, would be thoroughly studied in NIE-60 (Part III).

4. I believe that there are large quantities of data available on the location of Soviet industry. At least three Soviet books on the economic geography of the USSR have been published since 1940, and there are numbers of monographs on the subject by Soviet and Western authors. Current Soviet economic publications contain much valuable data on the evolution of a new economic geography based upon the creation of self-sufficient economic regions. The Air Targets Division of A-2 must have made a study of the organization and concentration of Soviet industry before it created its target systems. The various divisions of O/RR and of other organizations studying the Soviet economy have already produced some useful studies on various branches of Soviet industry. Thus, the principal task is to synthesize the wealth of information already available on the economic geography of the USSR.

^{2/} The term "dispersal" describes Soviet economic development inadequately. A slow but fundamental eastward shift of the Soviet economy has been underway since 1927. Defense considerations hastened this move toward an interior industrial base. This shift was accelerated immediately prior to and during World War II. Since the war, the USSR has apparently continued the eastward shift by accenting regional self-sufficiency at the expense of regional specialization.

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5. I believe that the question of the role and adequacy of the Soviet transportation system, a subject which is discussed in all papers on Soviet and Bloc capabilities, is intimately linked with that of the location of Soviet industry. Soviet transportation is an important, if not the decisive, factor in the development of economic regions within the USSR. As such, it deserves thorough analysis in any study on the location of Soviet industry. I believe that there is a vast sum of information available on this subject -- much of it in published, unclassified form -- and that a study more thorough and reliable than most which can be done on parts of the Soviet economy can be written on Soviet transportation.

6. There is far less data available on the Soviet stockpiling program. However, emphasis here should be laid upon the exploration of marginal and indirect avenues of approach, with the purpose of ascertaining the role of the system of stockpiling in the rapidly expanding industrial economy of the USSR. I am convinced that thorough analysis of the literature of Soviet planning, Soviet finance, and Soviet administrative law would provide new insight into the role of stockpiling in Soviet industry. Moreover, I believe that the offices studying particular Soviet industries must have some rough quantitative data on the estimated reserve position for specific key raw materials and products. In addition, we now have a considerable amount of information on the stockpiling programs of the Satellites, especially of Eastern Germany, and of Yugoslavia. These programs are modelled on that of the USSR; and a study of them should cast additional light on the Soviet system. In sum, I am sure that skilled and imaginative workers trained in research on the Soviet economy have available or can discover the means for grappling with this problem.

7. I believe that much of the data required for these studies is unclassified and that the studies can be published under Secret or Top Secret classifications. I believe that these studies are properly the responsibility of the EIC.

8. Recommendation:

- a. That the Board of National Estimates scrap NIE-60 (Part III).

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b. That the Board confer with Messrs. Amory, [REDACTED] 25X1A9a
25X1A9a [REDACTED] of O/RR on the approach or
approaches which should be adopted for the study
of the location of Soviet industry, the Soviet
transportation system, and the Soviet stockpiling
program. (I have already discussed these problems
with Messrs. [REDACTED]) 25X1A9a

25X1A9a [REDACTED]

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